

Announcement

PYC Therapeutics, (ASX:PYC) ('PYC' or 'the Company'), a biotechnology company developing a new generation of precision RNA therapeutics to change the lives of patients with inherited diseases, submits the following Appendix 4D and 31 December 2021 Interim Financial Statements.

This ASX announcement was approved and authorised for release by the Board of PYC Therapeutics limited.

ENDS For further information, please contact:

INVESTORS

Deborah Elson/Matthew DeYoung
Argot Partners
deborah@argotpartners.com
matthew@argotpartners.com

MEDIA

Leo Vartorella
Argot Partners
leo@argotpartners.com

About PYC Therapeutics

PYC Therapeutics (ASX: PYC) is a development-stage biotechnology company pioneering a new generation of RNA therapeutics that utilize Cell Penetrating Peptides (CPPs), a revolutionary delivery technology designed to overcome the major challenges of current gene-based therapies. PYC believes its CPP technology provides safer, more effective access for a wide range of potent and precise drug cargoes to the highest value drug targets that exist inside cells. The Company is leveraging its leading-edge science to develop a pipeline of novel therapies with an initial focus on inherited eye diseases for which it has unveiled three preclinical stage assets. PYC's discovery and laboratory operations are located in Australia and the Company recently launched and expansion into the U.S. for its preclinical, clinical, regulatory and business development operations. For more information, visit pyctx.com, or follow us on [LinkedIn](#) and [Twitter](#).

Forward looking statements

Any forward-looking statements in this ASX announcement have been prepared on the basis of a number of assumptions which may prove incorrect and the current intentions, plans, expectations and beliefs about future events are subject to risks, uncertainties and other factors, many of which are outside the Company's control. Important factors that could cause actual results to differ materially from assumptions or expectations expressed or implied in this ASX announcement include known and unknown risks. Because actual results could differ materially to assumptions made and the Company's current intentions, plans, expectations and beliefs about the future, you are urged to view all forward-looking statements contained in this ASX announcement with caution. The Company undertakes no obligation to publicly update any forward-looking statement whether as a result of new information, future events or otherwise.

This ASX announcement should not be relied on as a recommendation or forecast by the Company. Nothing in this ASX announcement should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

PYC Therapeutics Limited

ACN 098 391 961

Appendix 4D

Half-Year Report

Period ended 31 December 2020

Results for announcement to the market

Operating Performance	% Increase/ (Decrease)	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue from ordinary activities	82	106	58
(Loss) from ordinary activities after tax attributable to members	546	(7,753)	(2,100)
Net (loss) for the half year attributable to members	546	(7,753)	(2,100)

Comment

The increase in net loss compared to the previous half year is due to increased expenditure on lab consumables and personnel, incurred to advance the lead program through Investigational New Drug enabling studies and timing of the R&D grant receipt.

Dividends

There are no dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial half year ended 31 December 2020.

Net tangible assets per ordinary security	31 December 2020	31 December 2019
Net tangible assets	\$56,752,124	\$28,602,223
Number of shares on issue at reporting date	3,170,926,103	2,931,432,190
Net tangible assets per ordinary security	1.79 cents	0.98 cents

Control Gained or Lost over Entities

Not applicable

Associates and joint ventures

Murdoch University Collaboration

Foreign Entities Accounting Framework

Not applicable for PYC Therapeutics Limited

Audit/Review Status

This Appendix 4D and the attached interim financial statements are based on accounts which have been subjected to review. The accounts are not subject to dispute or qualification.

The attached interim financial statements for the half year ended 31 December 2020 form part of this Appendix 4D. This half year report is to be read in conjunction with the PYC Therapeutics Limited 2020 annual financial statements and the notes contained therein.



PYC

Therapeutics

PYC Therapeutics Limited

ACN 098 391 961

**Condensed Consolidated
Interim Financial Statements**

For the Half Year Ended 31 December 2020

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Corporate Directory

Directors

Mr Alan Tribe
Chairman

Dr Rohan Hockings
Chief Executive Officer

Mr Sahm Nasseri
Chief Executive Officer US

Dr Bernard Hockings
Non-Executive Director

Company Secretary

Mr Kevin Hart

Share Registry

Automic Group
Level 2, 267 St Georges Terrace
Perth, Western Australia 6000

Telephone: (02) 8072 1400

Auditors

HLB Mann Judd (WA) Partnership
Level 4
130 Stirling Street
Perth WA 6000

Registered Office

Suite 8, 7 The Esplanade
Mt Pleasant WA 6053
Telephone: 08 9316 9100
Facsimile: 08 9315 5475

Postal Address

Suite 8, 7 The Esplanade
Mt Pleasant WA 6153

Principal Place of Business

Harry Perkins Institute
6 Verdun Street
Nedlands WA 6009
Telephone: 08 6151 0992
Facsimile: 08 9315 5475

Website

www.pyctx.com

Incorporated in Western Australia
October 2001

Listed on:
Australian Securities Exchange (ASX)
Home Exchange: Perth

Directors' Report

For the Half Year Ended 31 December 2020

The Directors present their report on PYC Therapeutics Limited and its controlled entities ("The Group" or "PYC") together with the financial statements for the half year ended 31 December 2020 and the review report thereon.

DIRECTORS

The Directors who held office at any time during or since the end of the half-year are:

Executive

Dr Rohan Hockings	Executive Director, CEO
Mr Sahm Nasser	Executive Director, CEO US (Appointed 10 December 2020)
Mr Douglas Huey	Executive Director, CEO (Retired 06 November 2020)

Non-executive

Mr Alan Tribe	Non-executive Chairman
Dr Bernard Hockings	Non-executive Director

Unless otherwise indicated, all Directors held their position as a Director throughout the entire half year and up to the date of this report.

REVIEW OF OPERATIONS

In October and November 2020, the Company completed an accelerated non-renounceable entitlement offer and institutional placement of 239,348,112 shares at an issue price of \$0.17 raising \$40.6 million before costs. The funds raised create a strong cash runway and foundation to advance multiple drug candidates, including the Group's lead drug program into clinical development and commercialisation. The runway also fuels the expansion of the Group's pipeline towards additional ocular and CNS candidates as well as a build out of US Operations to support execution of these programs through to market.

The combination of the Group's secure cash runway and the technical progress made in PYC's drug development pipeline in 2H 2020 leave the Group well positioned to establish itself as a leading US RNA therapeutics Group in 2021. This will involve:

- i) establishing a US presence to access the critical talent and expertise needed to enable formal pre-clinical and clinical development. The Company's Executive team will be located in California to enable access to this talent.
- ii) undertaking important corporate and business development activities in the US, building off existing engagement with US biotech institutional investors and potential biotech and pharmaceutical partners
- iii) closing the substantial valuation gap to the Company's US peers.

The cornerstone of this technical progress occurred in the Group's lead drug development program VP-001 – the first disease-modifying therapy in development for patients with Retinitis Pigmentosa Type 11 (RP11) – a blinding disease of childhood. PYC's lead drug first demonstrated the potential to rescue the RP11 disease process in all patient-derived models tested (see ASX announcement of 7 September 2020) and later provided compelling visual evidence of its beneficial effects when examined in a model of the target cellular layer made of material derived from a patient with RP11 under a very high-powered microscope (see image on following page and ASX announcement of 16 December 2020).

In addition to the progress in the Group's lead drug program, PYC added two further RNA therapeutic programs to the Group's development pipeline (see ASX announcements of 5 and 12 September 2020). Both of these drug programs are now being accelerated towards translational development and 'first in human' studies with critical efficacy read-outs expected throughout 2021. The development timeline for these drugs is anticipated to be faster than the Group's VP-001 program due to the development synergies across programs (specifically in the Chemistry Manufacturing and Controls pathway). PYC's second drug development program is expected to enter clinical development shortly after the Group's lead VP-001 program.

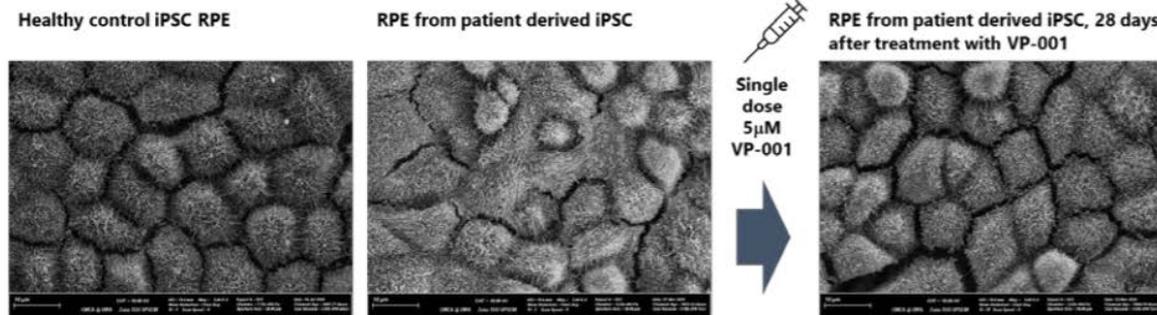


Figure 1. Scanning electron microscopy of retinal pigment epithelium cells derived from control and patient iPSC. Images selected as representative of full data set.

PYC's emergence as a leading RNA therapeutics company has created a range of new opportunities to further strengthen the Group's drug development pipeline – both through the extension of PYC's existing technologies into novel treatments to address unmet patient needs and also through expansion into new drug modalities. PYC anticipates ongoing expansion of the Group's development pipeline throughout 2021 to complement the progression of the three existing programs outlined above into clinical development.

Looking forward, the Group has an exciting opportunity to establish itself in the US in 2021. The Company appointed a US CEO, Sahm Nasseri from Merck & Co., in late 2020 to lead these efforts. The US base will be well positioned to engage across stakeholders in the world's largest biotech and life-sciences capital market. The US entity PYC Therapeutics LLC was incorporated on 29 January 2020. The early response from the US scientific and investment community has been strong. The ambition in the US is two-fold- firstly to access critical talent and expertise needed to efficiently progress our drug candidates into and beyond clinical development and secondly to access the US capital markets. Successful execution of these objectives is expected to transform PYC into a clinical-stage biotechnology Group and close the substantial valuation gap between PYC and its peers in RNA therapeutics development.

As part of his remuneration package, Mr Nasseri was issued 32,000,000 unlisted options, with an exercise price of \$0.15 expiring on 30 November 2023.

RESULTS OF OPERATIONS

The operating loss after tax for the half year ended 31 December 2020 was \$7,752,909 (31 December 2019: loss after tax \$2,172,489). The increase in net loss compared to the previous half year is due to increased expenditure on lab consumables and personnel, incurred to advance the lead program through Investigational New Drug enabling studies and timing of the R&D grant receipt.

The Group's cash position at 31 December 2020 was \$24.2 million, with a further \$33.0 million in investments being a term deposit with a term greater than 3 months. Expenditure for the half year was \$7.8 million.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under s307C of the Corporations Act 2001 is set out on the following page and forms part of the Directors' report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the directors pursuant to s306(3) of the Corporations Act 2011.

Mr Alan Tribe
Chairman
26 February 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of PYC Therapeutics Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
26 February 2021

B G McVeigh
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Condensed Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2020

	Note	31 Dec 2020	31 Dec 2019 \$
Continuing Operations			
Interest Income		47,977	58,491
Other Income		58,350	-
Contract Research Costs		(7,379)	(22,624)
Personnel Expenses		(3,773,479)	(2,118,440)
Depreciation and amortisation		(286,996)	(241,758)
Professional Services		(386,852)	(347,057)
Travel and Accommodation		(9,832)	(65,098)
Intellectual Property Maintenance		(8,656)	(11,114)
Laboratory Consumables		(3,099,935)	(1,666,490)
Interest expense – Operating Leases		(19,183)	(22,434)
Occupancy costs		(22,754)	(1,047)
Other Operating Expenses		(244,170)	(130,624)
Loss Before Income Tax Expense		(7,752,909)	(4,568,195)
Income Tax Benefit		-	2,395,706
Net loss for the period after tax	3	(7,752,909)	(2,172,489)
Net Loss for the Period attributable to:			
• Owners of the parent		(7,369,743)	(2,100,842)
• Non-controlling interests		(383,166)	(71,647)
		<u>(7,752,909)</u>	<u>(2,172,489)</u>
Other Comprehensive Income attributable to:			
• Owners of the parent		(7,369,743)	(2,100,842)
• Non-controlling interests		(383,166)	(71,647)
		<u>(7,752,909)</u>	<u>(2,172,489)</u>
		Cents	Cents
Basic Loss Per Share		(0.26)	(0.09)
Diluted Loss Per Share		(0.26)	(0.09)

The condensed consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2020

	Note	31 Dec 2020 \$	30 June 2020 \$
Current assets			
Cash and cash equivalents		24,168,511	11,324,911
Trade and other receivables	5	98,825	82,665
Prepayments		150,399	50,359
Funds held in Term Deposits		33,000,000	14,103,184
Total current assets		<u>57,417,735</u>	<u>25,561,119</u>
Non-current assets			
Plant and equipment		339,472	355,912
Right -of-use assets	6	737,467	779,283
Intangible assets	7	4,750,000	4,850,000
Total non-current assets		<u>5,826,939</u>	<u>5,985,195</u>
Total assets		<u>63,244,674</u>	<u>31,546,314</u>
Current liabilities			
Trade and other payables	11	810,167	380,568
Employee benefits		194,915	172,070
Lease liabilities	12	162,571	152,967
Total current liabilities		<u>1,167,653</u>	<u>705,605</u>
Non-current liabilities			
Lease liabilities	12	600,463	645,178
Total non-current liabilities		<u>600,463</u>	<u>645,178</u>
Total liabilities		<u>1,768,116</u>	<u>1,350,783</u>
Net assets		<u>61,476,558</u>	<u>30,195,351</u>
Equity			
Issued capital	2	125,650,546	87,206,822
Reserves		5,085,952	4,495,740
Accumulated losses		(71,119,450)	(63,749,707)
Equity attributable to owners of the parent		59,617,048	27,952,855
Non-controlling interests		1,859,510	2,242,676
Total equity		<u>61,476,558</u>	<u>30,195,531</u>

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

Condensed Consolidated Statement of Cash Flows

For the half year ended 31 December 2020

	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows from operating activities		
Other income received	58,350	-
Cash paid to suppliers and employees	(6,560,996)	(4,326,076)
Cash used in operations	(6,502,646)	(4,326,076)
R&D Tax rebate	-	2,395,706
Interest received	55,156	32,010
Interest paid - lease	(19,183)	(22,454)
Net from/(cash used) in operating activities	35,973	(1,920,814)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(81,379)	(10,254)
Funds transferred to term deposits	(33,000,000)	(22,500,000)
Security deposits paid	(8,850)	-
Net cash used in investing activities	(33,090,229)	(22,510,254)
Cash flows from financing activities		
Net proceeds from the issue of share capital	38,443,724	25,256,298
Repayment of lease liabilities	(82,475)	(71,854)
Net cash provided by financing activities	38,361,249	25,184,444
Net increase/(decrease) in cash and cash equivalents	(1,195,652)	763,630
Cash and cash equivalents at 1 July	25,428,095	6,181,403
Foreign exchange effect on cash	(63,931)	-
Cash and cash equivalents at 31 December	24,168,512	6,945,033

This condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2020

	Note	Issued Capital \$	Accumulated Losses \$	Share based payment reserve \$	Acquisition reserve \$	Attributable to owners of the parent \$	NCI \$	Total \$
Balance at 1 July 2019		61,951,088	(56,927,492)	1,275,772	-	6,299,368	-	6,299,368
Net loss for the period		-	(2,100,842)	-	-	(2,100,842)	(71,647)	(2,172,489)
Other comprehensive loss for the period, net of tax		-	-	-	-	-	-	-
Total comprehensive loss for the period		-	(2,100,842)	-	-	(2,100,842)	(71,647)	(2,172,489)
Shares issued		26,871,423	-	-	-	26,871,423	-	26,871,423
Transfer between owners		-	-	-	2,500,000	2,500,000	-	2,500,000
Costs of share issue		(1,615,126)	-	-	-	(1,615,126)	-	(1,615,126)
Share based payments	13	-	-	30,659	-	30,659	-	30,659
Non-controlling interest arising on acquisition		-	-	-	-	-	2,500,000	2,500,000
Balance at 31 December 2019		87,207,385	(59,028,334)	1,306,431	2,500,000	31,985,482	2,428,353	34,413,835
Balance at 1 July 2020		87,206,822	(63,749,707)	1,995,740	2,500,000	27,952,855	2,242,676	30,195,531
Net loss for the period		-	(7,369,743)	-	-	(7,369,743)	(383,166)	(7,752,909)
Other comprehensive loss for the period, net of tax		-	-	-	-	-	-	-
Total comprehensive loss for the period		-	(7,369,743)	-	-	(7,369,743)	(383,166)	(7,752,909)
Shares issued		40,689,181	-	-	-	40,689,181	-	40,689,181
Costs of share issue		(2,245,457)	-	-	-	(2,245,457)	-	(2,245,457)
Share based payments	13	-	-	590,212	-	590,212	-	590,212
Balance at 31 December 2020		125,650,546	(71,119,450)	2,585,952	2,500,000	59,617,048	1,859,510	61,476,558

This condensed statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

PYC Therapeutics Limited is a company domiciled in Australia.

The annual financial statements of the Group as at and for the year ended 30 June 2020 are available upon request from the Company's registered office at the address or at the web site shown earlier in this report.

(a) Statement of Compliance

The interim financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards AASB 134: Interim financial reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34: Interim Financial Reporting.

The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Group as at and for the year ended 30 June 2020 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The interim financial statements of the Group for the six months ended 31 December 2020 were authorised for issue by the directors on 26 February 2021.

(b) Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Group is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half year has been treated as a discrete reporting period.

(c) Accounting Policies and Methods of Computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(d) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of PYC Therapeutics Limited.

(e) Significant Accounting Judgments and Key Estimates

The preparation of an interim financial report in conformity with AASB 134 *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2020.

(f) Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2020.

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2020

(g) Adoption of New and Revised Standards

New Standards and Interpretations applicable for the half year ended 31 December 2020

For the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. There is no material impact of the new and revised Standards and Interpretations on the Group.

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(h) Going Concern

The half year financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis is appropriate.

(i) Intangibles

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation:

Patents for pharmaceuticals: 25 years

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2020

NOTE 2: ISSUED CAPITAL

(i) Issued capital:	Six Months to 31 Dec 2020	Year to 30 June 2020
	\$	\$
3,170,926,103 ordinary shares fully paid (30 June 2020: 2,931,577,991)	125,650,546	87,206,821

Movements in capital during the period:

Ordinary Shares	Six months to December 2020		Year to June 2020	
	Shares	\$	Shares	\$
Balance at the beginning of the period	2,931,577,991	87,206,821	2,442,856,658	61,951,088
Shares issued during the period:				
- Issued at \$0.17	445,152	75,676	-	-
- Issued at \$0.17	207,222,038	35,227,746	-	-
- Issued at \$0.17	31,680,922	5,385,757	-	-
- Issued at \$0.055	-	-	259,934,395	14,296,392
- Issued at \$0.055	-	-	228,636,938	12,575,031
- Issued at \$0.06	-	-	150,000	9,000
- Share issue costs	-	(2,245,454)	-	(1,624,690)
Balance at the end of the period	<u>3,170,926,103</u>	<u>125,650,546</u>	<u>2,931,557,991</u>	<u>87,206,821</u>

Options:

Description	Number at 30 June 2020	Movement During the Half Year	Number of Options as at 31 December 2020	Expiry Date	Exercise Price
Unquoted Options	10,000,000	-	10,000,000	16 Nov 2021	\$0.039
Unquoted Options	20,000,000	-	20,000,000	28 Feb 2023	\$0.063
Unquoted Options	15,000,000	-	15,000,000	28 Feb 2023	\$0.06
Unquoted Options	-	32,000,000	32,000,000	30 Nov 2023	\$0.15
	45,000,000	27,000,000	77,000,000		

NOTE 3: NET LOSS FOR THE PERIOD

The following items are relevant in explaining the financial performance for the half year:

<i>Expenditure</i>	31 Dec 2020	31 Dec 2019
	\$	\$
Personnel	3,773,479	2,118,440
Lab consumables	3,099,935	1,666,490 [^]

Expenditure on personnel and lab consumables have increased this period as the Group advances its three pre-clinical programs and further expands its pipeline, including additional ocular and central nervous system (CNS) candidates.

[^]Lab consumables in the half year ended 31 December 2019 included one off expenditure of \$405,000 in respect of a machine learning program.

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2020

NOTE 4: FUTURE INCOME TAX BENEFIT

Deferred tax assets have not been recognised as at 31 December 2020 because, at this stage of the Group's development, it cannot be considered as "probable" that future taxable profits will be available against which the Group can utilise the benefits.

NOTE 5: TRADE AND OTHER RECEIVABLES

	31 Dec 2020	30 June 2020
	\$	
GST receivable	76,975	46,679
Accrued Interest	20,738	27,916
Other receivables	1,112	8,070
	<u>98,825</u>	<u>82,665</u>

NOTE 6: RIGHT-OF-USE-ASSETS

Carrying value

	31 Dec 2020	30 June 2020
	\$	\$
Cost	943,343	943,343
Additions	63,871	-
Accumulated depreciation	(269,747)	(164,060)
Carrying value as at 31 December 2020	<u>737,467</u>	<u>779,283</u>

NOTE 7: INTANGIBLE ASSETS

	31 Dec 2020	30 June 2020
	\$	\$
Intellectual Property Rights acquired through Vision Pharma Pty Ltd	5,000,000	5,000,000
Less: accumulated amortisation	(250,000)	(150,000)
	<u>4,750,000</u>	<u>4,850,000</u>

NOTE 8: SEGMENT INFORMATION

The Group comprises a single business segment comprising discovery and development of novel therapeutics and a single geographical location being Australia. The segment details are therefore fully reflected in the results and balances reported in the interim statement of comprehensive income and statement of financial position.

NOTE 9: EVENTS SUBSEQUENT TO BALANCE DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, United States Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

There have been no events subsequent to the balance date which are sufficiently material to warrant disclosure.

NOTE 10: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at 31 December 2020.

NOTE 11: TRADE AND OTHER PAYABLES

	31 Dec 2020	30 June 2020
Current	\$	\$
Trade payables (1)	579,886	97,290
Accrued expenses	37,620	211,221
Payroll tax	25,146	-
PAYG withholding	104,109	71,642
Other	63,406	415
	<u>810,167</u>	<u>380,568</u>

(1) Trade payables are non-interest bearing and are normally settled on 30-day terms.

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2020

NOTE 12: LEASE LIABILITIES

Current	31 Dec 2020	30 June 2020
	\$	\$
Current liabilities	162,571	152,967
Non-current liabilities	600,463	645,178
	763,034	798,145

The group has two operating leases for its premises. The lease term for the research and development premises is three years with options to extend for three further terms of three years each. The lease term for the administration offices is one year, with the option to extend for a further year and a half.

Underlying assets serve as security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below.

NOTE 13: SHARE BASED PAYMENTS

i. The following share-based payments arrangements existed at 31 December 2020:

Security	Grant Date	Share Based Expense
		\$
20,000,000 Unquoted options	17 February 2020	194,708
15,000,000 Unquoted options	10 March 2020	128,387
32,000,000 Unquoted options	16 December 2020	267,117
		<u>590,212</u>

(a) ESOP

At the Annual General Meeting held in November 2020, the Group renewed a long-term incentive plan (LTIP) that entitles key management personnel and senior employees to purchase shares in the Group.

(b) Options issued during the period

32,000,000 options were issued to employees and key personnel during the period ended 31 December 2020 (2019: Nil).

(c) Fair value and assumptions

All options refer to options over ordinary shares of PYC Therapeutics Ltd which are exercisable on a one for one basis.

The fair value of the options is calculated at grant date using a Black–Scholes pricing model and allocated to each reporting period in accordance with the vesting profile of the options.

The value recognised is the portion of the fair value of the options allocated to the reporting period.

The factors and assumptions used in determining the fair value on grant date of options issued during the financial year as follows:

Granted during the year:

Number of Options	Grant Date	Expiry Date	Fair Value per Option	Exercise Price	Share Price on Grant Date	Risk Free Interest Rate (%)	Estimated Volatility (%)	Number Vested as at 31 Dec 2020
32,000,000	16/12/2020	30/11/2023	\$0.0916	\$0.15	\$0.15	0.11	100	Nil

No dividends have been assumed to be paid during the life of the options.

Notes to the Condensed Consolidated Interim Financial Statements

For the half year ended 31 December 2020

NOTE 14: FINANCIAL INSTRUMENTS

The Group have a number of financial investments which are not measured at fair value in the Statement of Financial Position.

The Directors consider that the carrying amount of the current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair values.

Directors' Declaration

For the half year ended 31 December 2020

In the opinion of the directors of PYC Therapeutics Limited and its controlled entities (the Group):

1. the financial statements and notes set out on pages 5 to 14 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Mr Alan Tribe
Chairman

Perth
26 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PYC Therapeutics Limited

Report on the Condensed Interim financial report

Conclusion

We have reviewed the accompanying interim financial report of PYC Therapeutics Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of PYC Therapeutics Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the Group are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hbw.com.au

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
26 February 2021



B G McVeigh
Partner